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AICPA *Washington Report*

April 20, 1981, Volume X, Issue 8

CAB	Comments sought on proposed accounting policy directive.	p.1
FERC	Standard format issued for reporting of interlocking positions.	p.1
FRB	Deferred compensation plan funds exempted from reserve requirements.	p.1
GAO	Report criticizes SBA 8(a) Procurement Program.	p.1
OMB	Harold I. Steinberg, CPA, appointed Associate Director for Management.	p.2
	Draft segment of FAR available.	p.2
	Circular A-76 to be implemented by FY '82.	p.2
SEC	Advisory Committee on Shareholder Communications established.	p.2
Treasury	IRS semi-annual agenda of regulations published.	p.3
	House announces hearing on tax commodity straddles.	p.3

CIVIL AERONAUTICS BOARD

Accounting policy for barter and discount coupon transactions is the subject of a recently proposed accounting policy directive from the Board (see the 4/15/81 Fed. Reg., pp. 22015-17). Since accounting for barter and discount coupon transactions is not specifically provided for under the Uniform System of Accounts and Reports, the accounting policy directive seeks to provide rules for this area. Barter transactions approved by the Board 7/2/80, allow the exchange of goods or services for transportation by air without any money changing hands. The directive proposes that the value of such transactions be determined in accordance with GAAP. In accounting for transactions involving discount coupons, only the amount actually paid would be recorded as air traffic liability which would subsequently be cleared to revenue. Comments on the proposed directive are requested by 5/14/81. For additional information contact Raymond Kurlander at 202/673-5370.

FEDERAL ENERGY REGULATORY COMMISSION

A standard format for the reporting of information dealing with interlocking positions held by a person in both a public utility and in another specified entity has been provided by the Commission (see the 4/16/81 Fed. Reg., pp. 22180-83). Current regulations were amended to provide this standard form known as Format No. FERC 561, but no substantive changes in the current interlocking directorate reporting requirements were made. Use of the format is intended to ease respondent reporting burdens. Persons who have already submitted their reports in accordance with the former rule will not be required to refile. The rule is effective as of 4/9/81. For additional information contact Charles Harland at 202/376-1850.

FEDERAL RESERVE BOARD

Certain time deposits representing deferred compensation plan funds have been exempted from reserve requirements in recent action by the Board which amends Regulation D - Reserve Requirements of Depository Institutions. The exemption is for non-transferable time deposits held by an employer as part of an unfunded deferred compensation plan established in conformity with Subtitle D of the Internal Revenue Act of 1978. Under the Board's ruling, such time deposits will be regarded as personal time deposits and will consequently be free of reserve requirements. Previously, time deposits representing unfunded deferred compensation plans had been regarded as non-personal time deposits subject to reserve requirements. An unfunded deferred compensation plan is one in which the deposits are held by the employer rather than being placed in a trust or being similarly "funded." The rule is effective 4/30/81. For additional information contact Gilbert Schwartz at 202/452-3625.

GENERAL ACCOUNTING OFFICE

"The SBA 8(a) Procurement Program -- A Promise Unfulfilled," is the title of a 4/8/81 GAO Report to the Congress. The 8(a) Program gives non-competitive Government contracts and other aid to help disadvantaged business owners become self-sufficient, but according to the GAO Report, the bulk of such contracts have gone to a select group of firms, many of whom view the program as an end in itself rather than an attempt to "graduate" and become a competitive business.

The Report criticizes SBA for "reluctance" to remove firms from the program, thereby denying participation by other disadvantaged firms. The GAO Report proposes several alternatives and recommendations to restructure the 8(a) program and "resolve its problems." This GAO Report could reinforce some sentiment in the Senate to legislatively mandate an end to the SBA 8(a) Procurement Program. This Report, CED-81-55, is currently available from the GAO by calling 202/275-6241.

OFFICE OF MANAGEMENT AND BUDGET

Harold I. Steinberg, CPA, has been appointed Associate Director for Management at OMB. A partner in the international accounting firm of Peat, Marwick, Mitchell & Company for the last twelve years, he was responsible for coordinating the firm's audit and consulting services to State and local governments. In his new position, Mr. Steinberg will be in charge of management analysis and evaluation, with significant focus on various aspects of the efforts to reduce fraud, waste and abuse and the Inspectors General program; personnel compensation policy; organization studies; and, intergovernmental affairs. Mr. Steinberg is a member of the AICPA, the New York State Society of CPAs and the Association of Government Accountants.

A segment of the draft Federal Acquisition Regulation (FAR) has been made available for public comment by the Office of Federal Procurement Policy (see the 4/16/81 Fed. Reg., p. 22243). This component of FAR deals with contract quality assurance requirements. Availability of additional segments will be announced on later dates. The FAR is being developed to replace the current system of procurement regulations. Comments are requested by 6/17/81. For additional information contact William Maraist at 202/395-3300.

Circular A-76, which deals with the contracting out of commercial and industrial-type activities, will be fully implemented by the end of fiscal year 1982, according to a recent OMB memo to agency heads. Although most of the agencies received the letter, DOD, GSA, HHS and the Veteran's Administration were issued specific instructions tailored to their operations. The circular is in keeping with the Administration's "strong support" of the policy of relying on private enterprise to supply the products and services needed by the government when it is economically feasible and there are no overriding factors requiring in-house performance, according to the memo. Accompanying the statement is a bulletin describing the format and types of information regarding A-76 implementation that each agency is to furnish OMB by 5/31/81. Specifically OMB wants to know which of the commercial/industrial type activities reviewed by each agency have been continued in-house or under contract as opposed to those that have been converted. Additionally requested is an explanation of the basis for the agencies' decisions to retain or change the means of providing such services.

SECURITIES AND EXCHANGE COMMISSION

An SEC Advisory Committee on Shareholder Communications was established by the Commission at a 4/9/81 SEC open meeting. The function of the Advisory Committee will be to advise the Director of the Division of Corporation Finance on

various technical questions relating to the development of a better means for issuers to communicate with the beneficial owners of securities registered in the name of a broker-dealer or bank. Issues to be considered by the Advisory Committee include: the feasibility of providing a means for issuers to identify the beneficial owners of street name securities; delays in proxy distribution and voting with respect to securities held, 1) by a participant in a depository on behalf of non-participants, or 2) in the "street" name of broker-dealers; and inconsistent practices relating to the dissemination of a non-proxy corporate communications to the beneficial owners of nominee held securities. Further, the Commission named 14 members to the Committee. For additional information contact Gregory Mathews at 202/272-2589.

TREASURY, DEPARTMENT OF

The IRS Semiannual agenda of regulations under development or review during the period 3/1/81 through 9/30/81, was recently published for public review (see the 4/15/81 Fed. Reg., pp. 22121-22132). The very detailed agenda lists by IRS division, the regulations which are or will be under review or development during the period. The agenda provides the code section, subject, draftsman and reviewer, office in which the regulation is pending, status and priority. For additional information contact George Bradley at 202/566-3486.

A hearing on legislative proposals relating to commodity tax straddles--transactions used to limit income tax liability--will be held 4/30/81 in Rm. 1100 Longworth House Office Building. In announcing the hearing, Chairman Rostenkowski noted that it was the Committee's purpose to evaluate the appropriateness of legislative action on this issue at this time. In doing so, he stated, "We not only seek information on the tax abuse problems involved and proposed legislative solutions to them, but also we need to know more about the impact of any such changes on the more traditional economic function of straddles in the commodity markets." The hearing is scheduled to begin at 10 a.m. For additional information contact the Ways and Means Committee at 202/225-3627.

For additional information contact Jim Kovakas
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at 202/872-8190 ext. 47.

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